



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

KEITH W. COOLEY
DIRECTOR

Bill Analysis of Enrolled House Bill 4869 and Enrolled House Bill 4870

Topic: Regulation of Professional Mixed Martial Arts under the Unarmed Combat Act

Sponsor: Representative Barbara Farrah

Co-sponsors: Representatives E. Gaffney, V. Smith, D. Hildenbrand, F. Accavitti, J. Brandenburg, L. Wojno, M. Gillard, B. Johnson, T. Melton, M. Meadows, R. Hammel, J. Bauer, D. Agema, C. Ward, D. Acciavatti, J. Marleau, A. Meekhof.

Committee: House Regulatory Reform
Senate Economic Development and Regulatory Reform

Date Introduced: May 30, 2007

Date Enrolled: December 14, 2007

Date of Analysis: November 19, 2007

Position: The Department of Labor and Economic Growth supports the bill.

Problem/Background: Mixed martial arts, or MMA, is a relatively recent international sport. It combines several unarmed fighting styles in no-holds-barred combat that has a rapidly growing fan base. Several states are in the process of regulating the sport, both as an effort by the industry to provide legitimacy, and to promote better protection for fighters. The largest MMA organization, the UFC (Ultimate Fighting Challenge), has been invited to Michigan to promote several professional shows, but the sport is currently prohibited under the Michigan Penal Code as a prize fight. Enthusiasts consider MMA to be an economic development opportunity for Michigan, but because promoters find themselves in conflict with state authorities, the UFC has refrained from conducting the events. Therefore, the Michigan legislature has proposed these bills.

Description of Bill: House Bill 4869 amends the Boxing Regulatory Act and renames it the Unarmed Combat Act to add mixed martial arts under the regulation of the department of labor and economic growth. While many provisions are similar to those of the boxing regulations, there are differences:

- The bill amends the boxing commission by renaming it the unarmed combat commission, and adding members who represent the mixed martial arts. It specifies how the commission should decide issues relating to all unarmed combat, or boxing and mixed martial arts separately.
- All MMA fights would be conducted under the New Jersey rules with certain exemptions, unless the department passes rules of its own. New Jersey rules have been adopted in a number of states, and this would make Michigan consistent with those jurisdictions.

- Funding for the program would be provided through license fees and a capped 3% tax on all televised contracts, regardless of venue size, unlike boxing, which is limited to a venue size of 5,000 or more.
- Each promoter would pay an event fee to the department of \$2,000. This represents an average cost to the department to provide staffing for regulating the events, such as inspectors and commission member presence. This is in addition to the amount the promoter pays to officials for each contest.

House Bill 4870 exempts MMA from the provisions of the Penal Code, which prohibits prize fighting in Michigan, and recognizes the regulation of MMA under the unarmed combat act.

Summary of Arguments

For:

- Regulation of this dangerous sport is necessary to ensure the well-being of the fighters.
- With department oversight, viewers and contestants can be assured that the fights are appropriately regulated.
- By bringing mixed martial arts into Michigan, money from out of state fans would infuse much-needed revenue into the state.
- If Michigan fails to regulate the sport, many fans will be disappointed. Trainers, promoters, fighters, and enthusiasts may leave the state, along with the economic clout they wield.

Against:

- Some may feel that MMA is a barbaric sport that is better off prohibited in this state.
- By exempting amateur MMA from regulation and the Penal Code, amateur fighters are left unprotected. Some form of regulation must be enacted to ensure that individual in Michigan who train and fight in the sport with the hopes of reaching the professional ranks can do so with consistency and appropriate safety mechanisms in place.
- More amateur fighters may go professional, so they can fight in their home state before they are ready for the professional status.

Fiscal/Economic Impact

(a) Department: The impact is indeterminate.

(b) Comments: Department expenses should be covered by license fees, event fees and the tax on televised contracts. UFC (The Ultimate Fighting Challenge) estimated that they would bring in 3 fights to Michigan per year. With a \$25,000 cap on the tax, the department could expect to receive \$75,000 per year, in addition to \$2,000 per event. License and application fees, expected to equal boxing license fees would just cover the costs to issue licenses. While this amount may be adequate under the current structure, if fights in Michigan grow as anticipated, additional department staffing will be needed to keep up with demand.

It is unknown how many professional fights might come to Michigan in the near future, other than the fights estimated by the UFC. If as many fights come to Michigan as it has boxing fights, staffing levels may be too low to adequately provide needed coordination and regulation. Employee overtime may be required on weekends, when the fights occur.

The State of Ohio's Commissioner reported that they hold about 10 professional events per year. In addition, they regulate many more amateur events. With a 5% tax on ticket receivables and license fees, the commission takes in about \$500,000 per year, in both amateur and professional events. They have a budget of about \$300,000 per year, but do not pay for inspectors to attend the events, as Michigan does.

- (c) **State:** State revenues are expected to increase by an indeterminate amount as out of state fans come to Michigan to watch their favorite fighters. Other taxes and income may stay in Michigan as Michigan fighters are able to practice their occupation here.

For comparison, the State of Ohio estimates roughly that the economic impact of 2 large UFC fights in Ohio brought an additional \$6,000,000 in revenue, and had an additional \$24,000,000 economic impact on the cities in which the events were held. An event in Akron, Ohio, drew more people from out of state than from inside the state.

(d) **Local Government:**

Comments: Although the impact is indeterminate, it is anticipated that local communities would benefit from the economic impact generated by highly publicized fights.

(e) **Other State Departments:**

Comments: The Attorney General Department would be compensated for expenses relating to activities it conducts with regard to this program from the Unarmed Combat Fund.

Any Other Pertinent Information:

Although these bills do not regulate amateur MMA, they do exempt it from the prohibitions of the Penal Code and the regulatory scheme that is imposed upon professional MMA. Promoters for amateur MMA indicated that they would seek sponsorship of such a bill from their Senators and Representatives to regulate the amateur sport.

Administrative Rules Impact:

Administrative rules will be necessary to implement license fees, if different from boxing license fees, and to amend rules to implement New Jersey rules in Michigan.